

### REBELLION IN PARAGUAY

I. According to late press reports, heavy fighting broke out in Asuncion late on 21 Dec between rebelling units of army and police and forces loyal to President Stroessner (pronounced "STRONER" in Paraguay).

A. Rebellion apparently precipitated by Stroessner's order for arrest of Epifanio Mendez Fleitas, Central Bank president and a controversial leader in Paraguay's ruling "Colorado" Party.

B. Rebellion grew out of conflict among various "Colorado" factions--the conservatives wanting to oust Mendez and others considered pro-Peron.

C. Mendez, in turn, has been seeking to reduce political power of the military.

II. Outcome of rebellion uncertain in view of

Conflicting claims regarding loyalties of

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as commander-in-chief of Paraguay's  
6,500 armed forces, but Mendez claims  
to have support of several key commanders  
and has given special favors to younger  
officers.

B. 6,300 police reported to support Mendez.

C. [REDACTED]

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Mendez holds apparent advantage both  
in party and in military.

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